

# There is an Alternative

**Zeki Ergas**

'When the elephants fight, the grass suffers', says an African proverb. The World Trade Organisation's (WTO) Doha Round – whose *raison d'être* was, supposedly, the development of the poor countries—collapsed after five years of negotiations (it was launched in 2001). The reason was, the apostles of liberalism widely reported in the mainstream media, the failure by the United States and the European Union (the two biggest elephants) to make sufficient concessions in agricultural and exports subsidies, and in lowering their tariffs on agricultural goods. They fought stubbornly and selfishly, and the grass (the poor countries) was trampled upon. That explanation is not entirely wrong, but the problem is, it does not go far enough. Indeed, it is no longer possible not to see, after twenty years or so of neo-liberal globalisation, that open markets have—through the colossal—rather, indecent and shocking—profits of the big multinational corporations (MNCs)—disproportionately benefited the rich countries. To be fair, some so-called big 'emerging' countries—China, of course, India and Brazil – have benefited too, but at a very high social and environmental cost, including: the neglect of smallholder agriculture; the tremendous pollution in the big cities, and the ruthless exploitation of the factory workers. Moreover, the benefits of the 'emerging' countries owe much to government policies that have protected infant industries and social services sector from the ravages of the neo-liberal globalisation (and privatisation). The truth is the interests of the rich and of the poor countries do not necessarily coincide. Mutually-beneficial trade is possible, but under certain conditions, which are not the same for all poor countries. The latter need to carefully study these local, national, and even regional conditions before entering into binding multilateral trade agreements.

Is the collapse of the Doha Round the beginning of the end for the WTO?

What could be the fallout – effects and consequences-- of the collapse of the Doha Round on neo-liberal globalisation?

An attempt will certainly be made to revive the Doha Round, as the mid-term elections in the United States are over. That attempt, in the short and even medium terms, will probably be successful, for three reasons:

1. The rich countries will cut their agricultural and export subsidies, and reduce their tariffs on the poor countries' exports significantly.
2. As a *quid pro quo* the 'emerging' countries will open their markets more in the tertiary sector – banking, insurance, communications, information technologies, patent protection, education and health services.

3. the poor countries will be offered a substantial 'Aid for Trade' package.

In the long run, however, the WTO may still fail because the structural imbalances of the 'system' will not be corrected. These include:

MNCs, which use capital-intensive technologies, are creating few jobs, smallholders are losing their land and livelihood – 100,000 have killed themselves in India, in the last ten years the MNCs' 'grabbing' of natural resources, such as water and land, is causing severe shortages in the rural areas, the persistence of extreme poverty, the very rapidly growing inequality – the rich countries will continue appropriating the lion's share of the benefits, exporting of pollution and deterioration of the environment.

The way the World Economic Forum (WEF) operates is instructive in that respect. When the rich and the powerful will meet, once more, in Davos, in January 2007 (as they have done for more than 30 years), they will, as usual, strike deals and try to find 'creative' ways to perpetuate their dominance. They will also make efforts to look compassionate. Notions such as human rights, better world, justice, equality and solidarity will be on every lips. And some crumbs will be thrown to the poor countries—in the form of aid (Overseas Development Assistance, or ODA) and charity (led, these days, by the Bill and Melinda Gates Foundation, which recently received a US\$ 31 billion gift from Warren Buffet, and the Global Clinton Initiative).

As the WEF will be closing in Davos, Switzerland, the World Social Forum (WSF) will be opening theirs, on the following day, on January 25, 2007, in Nairobi, Kenya. This is the seventh WSF since the inaugural one in Porto Alegre, Brazil, in 2001. Its organisers define the WSF as 'an open meeting place for reflective thinking, democratic debate of ideas, formulation of proposals, free exchange of experiences and interlinking for effective action.' The overall goal is to construct 'a fair, egalitarian, democratic, participatory and sustainable society.' However, the WSFs have been, so far, largely, talk shops. Thousands of workshops and seminars have been held, a similar number of papers were published, and ringing declarations were made, but there was no real action. Will this time be any different? There appears to be some determination that it should be. Participants are asked for 'proposals to organise the 7th Forum around actions, campaigns and struggles by NGOs, networks and entities.' What kind of actions, campaigns and struggles? People will have to wait and see. 2007 may turn out to be a crucial year in that respect.

### **SOCIALISM—PAST, PRESENT AND FUTURE**

The socialism of the past was a child of the Industrial Revolution. In Western Europe, in the 19th century, large trade unions and socialist political parties formed alliances which eventually came to power, and laws were adopted by parliaments that significantly improved the quality of life of the workers. An emblematic example of that development was, in France, in the 1930s, Leon Blum's Popular Front. In the Soviet Union, the October Revolution led to nationalisation of the 'means of production', but Communism proved to be an illusion, a Utopia, an unachievable dream, and under the state capitalist system

that was established, an inefficient, corrupt and over-privileged bureaucratic class, which later came to be known as 'nomenklatura', reaped all the benefits. That same system prevailed in Soviet Union's Eastern European satellite countries. In China, Mao's revolution expropriated the landowner class, but, after his death—and the terrible excesses of the Cultural Revolution—the system morphed into an authoritarian regime which combines economic capitalism with a political one-party system. The hybrid was successful, albeit at a great cost, socially and environmentally (as mentioned above), and also politically: human rights were systematically violated, especially freedom of expression. But extreme poverty was dramatically reduced. In the United States, during the Great Depression, Franklin Delano Roosevelt implemented a 'New Deal' whose primary purpose was to fight unheard-of levels of unemployment which, at its worst, hit 30 per cent. But the New Deal also provided safety nets that, some have argued, probably correctly, actually saved American capitalism, by attenuating its most shocking cruelties. FDR himself was accused of betraying his own social class (he belonged to a wealthy family).

In Western Europe, in the second half of the 20th century, owing to the rising affluence of the working class, the trade unions gradually lost their power, and the socialist parties, while remaining socialist in name, became, in substance, social-democratic. It is generally acknowledged that the most advanced form of social democracy in the world is that of the Scandinavian countries, which combine successfully a 'market economy' with a 'cradle-to-grave' social welfare system financed by very high taxation.

In the last decade or so, as a result of neo-liberal globalisation, the gap between the rich and the poor—individuals, as well as countries and regions—has grown spectacularly. It is a world where more than half of the world's population is poor, and one-sixth, close to one billion people, very poor. This is a world in which 24,000 people die every day of hunger and poverty-related diseases. In sub-Saharan Africa, according to the latest United Nations Development Programme (UNDP) statistics, 87 percent of the people are poor, and more than 50 per cent, very poor. In sub-Saharan Africa, per capita income has actually shrank more than 10 per cent from 1980 to 1998, whereas it had grown around 40 per cent between 1960 and 1980—that is, before neo-liberal globalisation. In Latin America, per capita income grew only 9 per cent between 1980 to 2000, whereas it had grown by 82 per cent between 1960 and 1980.

In Latin America—not unlike in Western Europe in the 19th century—"The socialism of the 21st century" started as a reaction to the negative consequences of neo-liberal globalisation. Latin America is the most unequal region of the planet. The richest 10 percent of the population controls 48 percent of the total income; while the poorest 10 percent has only 1.6 percent. The gap between the two groups (as calculated by the Gini coefficient) is 50 to 1—in Brazil, it is 54 to 1; in Colombia, 57 to 1; in Guatemala, 63 to 1 (as a comparison, in Italy it is 14 to 1; in Spain, 8 to 1; and in the Scandinavian countries, 3 to 1). The contrast between the luxury condos of Barrade Tijuca in Rio de Janeiro and the favelas in the hillsides, or, between the poor barrios of Caracas and the wealthy estates of Alta Mira is indecent. This shocking inequality is not only in income, of

course, but also in land distribution, education and health, and in the possibility in getting loans. 60 million small and medium businesses in Latin America get only 5 percent of the loans, while 95 percent go to the big corporations. In Latin America, 94 mothers in 100,000 die giving birth; in Bolivia, 230; in Canada, only 8. And it is not true that inequality—as some orthodox economists would like people to believe—is a necessary evil of development. The Scandinavian countries are leaders in human development, technology and competition; but they have always been very egalitarian.

One of the most striking aspects of neo-liberal globalisation is that, not only the rich are getting richer, but that the very rich, the billionaires and the multi-millionaires, are the fastest-growing sub-group. Shockingly, this 'development' is accepted as 'normal'. A recent article in *Le Temps*, the high-brow daily newspaper of Geneva, entitled 'The Swiss hotel industry is enjoying a bumper year ...', describes approvingly how the owners of five-star Swiss hotels have spent, in the last few years, several hundred million Swiss Francs (1 US\$ = about 1,25 SF) to make their 'palaces' even more luxurious. Nothing is 'too good' to lure the very rich, the author of the article says. Ordinary rooms may cost between SF 400 and 800 per day, and 'the suites, much more', but that is not a problem for the very rich customers. This shameless worshipping of the Golden Calf—which until recently was typically American—is increasingly being perfectly acceptable, and even worthy of admiration, in Europe as well. This sort of mentality is rapidly transforming Geneva (and Switzerland as a whole) into a watering hole for the very rich. Every new other store opening in the exclusive centre of the city these days seems to be selling expensive clothes, designer watches and matching jewellery. That in a world where perhaps half of the people must live with less than US\$ 2 a day. It is obvious that such a world is not viable, or even sustainable. How much worse will things get to be before a violent reaction, worldwide, sets in? The constant humiliation inflicted on the poor and the very poor by the rich and the very rich is not the only source of actual and potential violence in the world, but it certainly makes things worse, much worse.

So, Building a better world is not a win-win proposition. The rising tide is not lifting all the boats. Because: firstly, many people do not even have boats; secondly, the boats are not comparable: a few, owned by the billionaires, are floating palaces worth several million dollars; some which belong to multi-millionaires may be worth several hundred thousand dollars; middle-class people own boats worth a few thousand dollars; the poor, dug-out canoes that they made themselves; and the very poor, own nothing. So the real issue (to continue our metaphor) is how to replace the dug-out canoes with small motorized boats. That requires a significant transfer of resources from the rich to the poor. The big MNCs and the international banks cannot go on making billions while the poor and the very poor have a dollar or two per day. Power relations between the rich and the poor must change. The power of the poor must be increased, and that of the rich, decreased.

This is already, to a certain extent, happening through the growing power of civil society. In the rich as well as in the poor countries, non-governmental organisations (NGOs) are leading the struggle. International organisations

(IOs) are increasingly responsive to the needs of the poor people. The human rights – civil and political, economic and social, and cultural and ecological rights—of the poor people are in the forefront of preoccupations of the specialised agencies of the United Nations—UNDP, UNCTAD, UNESCO, ILO, FAO, WFP, etc. Will it be enough? Can the world be saved?

‘The socialism of the twenty-first century’ begins with a redefinition of development that is people-oriented. The needs of the poor people have priority. Progress is defined as an increase of the well-being of families and communities, in rural as well as urban areas. Popular participation is the most important principle. It takes place at all levels of socio-economic and political life. Citizens participate in micro-, as well as macro-economic decisions. Other important principles are: ecological sustainability, subsidiarity (favouring local production), the protection of natural resources (like air, water and parks), human rights, solidarity, food security, equity, and cultural and biological diversity. The application of these principles translate as the promotion of family farms, innovative worker-owned enterprises, and the revitalisation of public transportation and utilities. It also means mobile teams of farmer-technicians from the ‘Campe-sino a Campesino’ movement going from one place to another, and sharing innovative sustainable agriculture practices – to protect the environment, produce food and improve the incomes of hundreds of thousands of smallholders.

### **NEO-LIBERAL GLOBALISATION**

Neo-liberal globalisation is based on a number of market-oriented ideas known as the Washington Consensus. These include: privatisation, government deregulation, balanced budgets, free access to markets, and unimpeded financial flows.

The Washington Consensus is, of course, the credo of the MNCs, the international banks, and the governments of the rich countries. Its principles have been imposed upon the poor countries by the International Financial Institutions (IFIs) – led by the World Bank and the IMF, ever since their establishment after the Second World War. However, in the last few years, an increasing awareness that all is not well in the Kingdom of Neo-liberalism has led to a ‘reassessment’. As a result, the conditions imposed by the IMF to qualify for loans have been somewhat relaxed. New initiatives and plans were launched by the international community and the civil society organisations (CSOs).

A global campaign against poverty was launched, in the year 2000, by the United Nations. Called the Millennium Programme, its overall objective is the achievement, by 2025, of eight Millennium Development Goals (MDGs). These are: first the reduction, and then the eradication, of extreme poverty; universal primary education, for boys and girls; the empowerment of women; cutting child mortality by two-thirds; improving maternal health by that same ratio; first halting and then reversing the progress of AIDS/HIV, tuberculosis and malaria; protecting the environment; and developing a partnership for development.

In Western Europe, a Global Marshall Plan Initiative (GMPI) was launched by an eponymous German NOG based in Hamburg. Its aim is the promotion of a Worldwide Eco-Social Market Economy. The GMPI—whose main partners are: the Global Contract Foundation, the Club of Budapest, the Club of Rome and the Eco-Social Foundation—has adopted the MDGs as the first stage of its Global Marshall Plan, which includes: closing the gap between the rich and poor countries; and promoting a world economic growth that is sustainable, i.e., consistent, in the long run, with a careful management of finite natural resources. The GMP is based on a quid pro quo between the rich and the poor countries. The former commit themselves to making the necessary investments in the poor countries; in exchange, the latter pledge good governance—democracy, transparency and honesty—and the protection of the environment.

An evaluation undertaken in 2006 by the UNDP of the Millennium Programme has shown that while significant progress has been achieved, most of the MDGs has fallen behind, and in some cases, things have grown worse. The main problem appears to be that the rich countries often make promises that they fail to keep. For example, their promise of an ODA level of 0.7 per cent of their Gross Domestic Product (GDP), which was made... some 30 years ago. Except for a handful Scandinavian countries, that level is not expected to be reached in the predictable future.

The GMPI, on the other hand, has not yet entered implementation stage. Its promoters are hoping to capitalise on the forthcoming German Presidency of both of the European Union and the G-8 to have it adopted by the EU. The GMPI predicts that a Worldwide Eco-Social Market Economy may take fifty years, or even more, to be fully implemented. To make up for the shortfall of ODA, the GMPI proposes to raise additional funds by several other means: Special Drawing Rights from the IMF, which could generate US\$30 to 40 billion annually; the Tobin Tax, a worldwide tax on financial transactions, which could yield another US\$30 to 40 billion; and a Terra Tax on international trade, which could provide an additional US\$30 to 40 billion. Of course, the GMPI is aware that these targets will probably not be reached, but even if they are reached partially, significant funds could be raised.

### **MARKET-BASED DEVELOPMENT: FIVE 'MYTHS' EXPOSED**

They are:

- i. poverty is defined as a quantitative problem;
- ii. underdevelopment is due to a lack of technology;
- iii. ODA is a powerful tool to fight poverty;
- iv. free trade (or open markets) is a powerful engine of development;
- v. protectionism is the only alternative to free trade.

Extremely poor people must live with less than one dollar a day; 'moderately' and 'relatively' poor people, with less than two and three dollars a day. This quantitative definition of poverty is misleading. Poverty is a qualitative reality caused by a lack of access to resources. Natural resources, such as water, land and minerals; services, like health or education; and a

psychological support system that exists in a traditional community. It is the appropriation, directly or indirectly, of these resources by the MNCs and their local allies, the oligarchic bourgeoisies, that causes poverty. Villagers deprived of their livelihood are forced to leave their villages to go and live, in misery and squalor, in urban slums. The appropriation of resources by the MNCs and their local allies can take various forms: water-bottling plants in rural areas can cause water shortages for local farmers; big agribusiness firms can force smallholder farmers out of their land; fishing fleets can deplete fisheries in the lakes or coastal waters; oil wells and pipelines can pollute rivers, lakes and coastal waters.

Development is largely seen as modernisation, defined as the replacement of labour-intensive technologies by capital-intensive technologies. Modernisation is, obviously, a necessary precondition of development, but its absence is not what causes extreme poverty, which, in the poor countries, was created by a violent historical process rooted in unequal power relations, as manifested through slavery and colonialism. The poor have been marginalised, and thrown into extreme poverty by the policies of colonial governments. Poverty and underdevelopment are the result of colonial oppression and exploitation, best captured in literary master works, such as, Joseph Conrad's, *Heart of Darkness*, and V. S. Naipaul's, *Bend in the River*. The exploitation, if not the oppression, of the very poor has continued in the subsequent neo-colonial and imperialist eras.

True, under the right conditions – channelling it through local CSOs and NGOs – aid can alleviate poverty. But in the past, very often, ODA was not channelled properly. Protocols were signed with corrupt government officials who engaged in grand corruption – it is important to distinguish the latter from petty corruption, which is a form of survival in poor countries. Grand corruption has been, and continues to be, facilitated by collaborators in the rich countries. The billions of dollars hidden in secret bank accounts, or stashed in offshore bank accounts, with the cooperation of corrupt Western bankers and lawyers, are resources lost to the poor countries. As a result, aid has mainly benefited the privileged groups. Helping the poor requires a shift of power from the over-privileged to the underprivileged. This has proved very difficult to do in the past.

That free trade can be a powerful engine of development has been demonstrated by the experiences of many Asian and Latin American countries, and most recently by Brazil, China and India. But if poverty in these countries has, in the last decade or so, decreased significantly, it is mainly owing to government policies that have selectively and carefully opened some markets, while others—in agriculture, infant industries and services—were carefully protected. Free trade has been largely in manufactured products. As for sub-Saharan African countries, which are exporters of primary and exotic products—such as, tea, cocoa, coffee and cotton, and minerals—, they have, until a few years ago, suffered from a deterioration of the terms of trade: historically, the prices of these products have remained low, or have not risen as fast as those of manufactured products and services exported by the rich countries.

The champions of neo-liberal globalisation keep repeating that protectionism is the only alternative to free trade. That simply is not true. In Latin America the efforts to build 'The socialism of the 21st century' have involved new forms of international trade, or exchange, which are based on: one, a redefinition of development as the fulfilment of people's basic social, economic, cultural and political rights; and two, regional integration based on solidarity and complementarity among neighbouring peoples. The Venezuelan government, for example, sells oil at subsidised prices to several neighbouring countries; Cuba sends thousands of doctors, nurses and teachers to a number of Latin American countries.

### **THE VENEZUELAN CASE STUDY**

On January 30, 2005, in a speech to the 5th WSF in Porto Alegre, Hugo Chavez declared that 'The socialism of the 21st century will be created in Venezuela.' Less than a year later, on January 13, 2006—at the Enlazando Alternativas II (Linking Alternatives II) conference in Vienna (A 'Counter Summit' organised in opposition to the Summit Meeting between the European Union and Latin American countries to promote free trade between the two continental blocs)—Chavez repeated that pledge, adding that 'The socialism of the 21st century' will be based on solidarity, fraternity, love, justice, liberty and equality. Chavez also emphasized that the Venezuelan state would be an important actor in that construction, but that its creators would be the Venezuelan people themselves. The efforts to build socialism in Venezuela started in 1998-99, after Chavez won the national elections for the first time and became President. At the beginning, the opposition was strong, and, as a consequence, socialist policies were rather timid; but, as Chavez gradually consolidated his power, they became increasingly bolder. Now, some eight years later, it can be affirmed that Venezuela has travelled a respectable distance on the road to socialism. But, admittedly, the road ahead is still very long, the obstacles are formidable, and the progress achieved so far is fragile.

To begin with, an observation to put things in perspective: The vast majority of Venezuela's productive capacity remains either in private hands, or is owned by the state. But, in the last few years, the Venezuelan state took the initiative to expand non-private forms of ownership, in the shape of: co-operative, co-managed, and state-managed enterprises. The number of cooperatives has literally exploded in Venezuela, increasing more than a hundredfold, from 800 in 1998, to more than 100,000 in 2005. Over 1.5 million people, 10 percent of the country's adult population, are now members in cooperatives. State-owned enterprises—for example, CADAPE, the electricity company, and ALCASA, the aluminium production plant—have been used to experiment, quite successfully, with co-management techniques. The latter have also been implemented in the four idle factories that the government has expropriated and turned over to their former workers. It is estimated that there are about 700 such idle factories in the country, whose owners have closed them down because they are not profitable. These factories are presently being evaluated by the government. The latter has also created several enterprises in the fields of telecommunications, air travel and petrochemicals. The previously semi-



autonomous oil company PDVSA has been brought under direct government control.

A new type of economic production unit called *Empresa de Produccion Social* ('Social Production Enterprise') has been created by the government to promote socialist principles. To qualify for state credits and contracts, the EPSs must demonstrate that they are: 'Giving preference to the values of solidarity, cooperation, complementarity, reciprocity, equity, and sustainability, ahead of the value of profitability'. Other goals include: substantial equality between the workers and cadres of the enterprise, participatory planning, and significant collective or worker ownership.

The Venezuelan state has been very active redistributing wealth among the population, through: rural or urban land reform programmes, social programmes for free health care and education, subsidized food markets, and the provision of subsidies for cooperatives. The *Misiones* are the principal instrument to provide the poor people with free health care and education, and rural or urban land reform programmes. These 'missions' are largely run by the people themselves, through elected health and land committees, and educational task forces.

Participatory democracy is the basis of 'The socialism of the 21st century'. It is implemented through constitutionally guaranteed institutions, such as: local planning councils—one per 200 to 400 families;—citizen involvement in social programmes; citizen selection of high-level officials; citizen audits of state institutions. There are four different types of citizen-initiated referenda; and the people have the right, through CSOs, to co-nominate candidates to the Supreme Court, the National Electoral Council, and the Moral Republican Council (consisting of the Attorney General, the Comptroller General, and the Human Rights Defender).

Parallelism is another key principle of the 'The socialism of the 21st century'. The Venezuelan government has been creating parallel powers. The missions and the EPS are good examples. The 'missions' working in the Caracas barrios (slums) have been obtaining remarkable results: illiteracy has been eradicated; community kitchens provide lunch everyday to small children, pregnant women and the elderly; in brand-new information centres kids can use computers to do their home work; and in the health clinics work Cuban doctors and nurses. A special bank that lends money (micro-credits) to women has been established. Telesur, the state-controlled television station has been created as an antidote to the CNN.

And, no mean achievement, the military has been co-opted into the system. The army is heavily involved in the activities of the 'missions'. It is especially active in food distribution, construction, and transportation.

Externally, or internationally, 'The Socialism of the 21st century' is promoted by ALBA (the Spanish acronym for the 'Bolivarian Alternative for the Americas'). Chavez first launched the idea at Isla Margarita, at the Third Summit of the Association of Caribbean States, in December 2001. ALBA is a progressive alternative to the US-promoted Free Trade Area of the Americas

(FTAA). The main idea of ALBA is that each country should be free to develop as it wishes, taking into consideration its cultural and historical heritage, and its economic and social specificities, and necessities. Sovereignty, solidarity, cooperation, integration and complementarity are its basic principles. These principles can be traced back to the liberation and unification efforts by the great Simon Bolivar. Chavez sees himself as a disciple of Bolivar who was born in Venezuela. The first ALBA agreement was signed between Cuba and Venezuela in Havana, on December 14, 2004. Bolivia joined the pact in April 2006. That year, Venezuela, Cuba and Bolivia signed a People's Trade Agreement. ALBA includes bilateral trade agreements between Venezuela, on the one hand, and Uruguay, Argentina, and Haiti, on the other. It goes beyond trade, harbouring ambitious developmental projects, which include: Latin American plans for free health care and an education scholarship programme, a Social Emergency Fund, a Development Bank of the South, and a regional petroleum company.

Petrocaribe was formed by PDVSA and fourteen Caribbean nations in June 2005. The latter received Venezuelan oil at preferential rates and generous credit—40 percent cash payment, and the rest in annual instalments in 25 years. Thousands of Venezuelan patients have travelled to Cuba in the last five years to receive free medical treatment. Telesur – conceived as a counterweight to CNN—was formed by Venezuela (51 percent owner), Argentina, Cuba and Uruguay in 2005. The new network, which has local correspondents all over the Americas, is a success.

ALBA's relations with Mercosur, the South American trading bloc—whose full members are: Brazil, Argentina, Paraguay, Uruguay and, as of July 2006, Venezuela—are complex. Mercosur's members make up 75 percent of South America's GDP, and 65 percent of its population. It contains large reserves of water and hydrocarbons (oil and gas). Mercosur is committed to a complete elimination of tariffs by 2014. Will ALBA's 'Bolivarian' principles—of cooperation, solidarity and complementarity—eventually penetrate it?

Efforts were made in the last year or two to promote awareness of the Bolivarian principles of ALBA. There were meetings in Rio de Janeiro and Madrid, and then Enlazando Alternativas—I met in Guadalajara, Mexico, in May 2004, and Enlazando Alternativas-II, in Vienna, Austria, in May 2006, which drew attention to the numerous problems of free trade between Latin America and the European Union (EU) whose Bolkestein Directive is comparable to the Washington Consensus, and supports the privatisation of services and the lowering of labour standards. The Directive is also a threat on smallholder agriculture and food sovereignty. Big joint infrastructure projects—such as, La Iniciativa de Integracion de la Infraestructura Regional Sur Americana (IIRSA) et El Plan Puebla Panama (PPP)—will cause the degradation of the environment. ALBA insists that turning water and land into merchandise is not acceptable, and that small holders, cultural diversity and biodiversity must be protected. The welfare of rural and indigenous populations is of utmost importance. The loss of employment in rural areas causes emigration to urban slums with catastrophic consequences. Women and children are among those who suffer the most.

Three examples of ALBA's principles in action are: a—when Colombia signed a free trade agreement with the US, which resulted in Bolivia losing a market of \$ 170 million for its soya bean exports, Venezuela moved in to buy the whole crop; b—Venezuela is buying \$ 3 billion worth of oil tankers from Brazil; and c—Argentina, Brazil and Uruguay are building a 6,000-mile natural gas pipeline worth \$ 20 billion, Bolivia is also involved in the discussions, and other countries may be included.

OBSTACLES: The obstacles faced by 'The Socialism of the 21st century' are formidable. There is the domestic opposition—made up of bourgeois political parties, the old labour federation, the church hierarchy, big business, and almost all of the private mass media. That opposition has been weakened considerably in the last few years, but it is still dangerous, especially now that the Bush administration wants to get rid of Chavez and his Bolivarian revolution. There have been several attempts to overthrow Chavez: the April 2002 coup attempt, the December 2003 oil industry shutdown, and the December 2005 boycott of the national Assembly elections. The main strategy of the domestic opposition is its refusal to play the democratic game. There is talk about a boycott of the December 2006 presidential elections (which the opposition knows it is going to lose). The Bush administration has been—via the National Endowment for Democracy (NED) and the USAID—channelling large sums of money to opposition groups.

Clientelism and patronage within the government and the party is a big problem. There is the issue of the 'Tascon List', for example, of all the individuals who signed the petition calling for a 'recall referendum against Chavez'. These people, known as anti-Chavistas, are excluded from lucrative government jobs and subsidies. That reaction, while understandable, is not democratic. A second problem is the personality cult around Chavez who is charismatic and was able to bring people together in a large 'Bolivarian' movement for radical change. But the movement is too dependent on Chavez. The personality cult also insulates him because of a lack of criticism. A third problem is a strong tendency towards top-down leadership believes in democracy.

Massive civil disobedience campaigns seem the other logical option. To be effective, these campaigns will have to be global, that is, organised and carried out simultaneously in the poor and the rich countries. Can the alter-mondialiste movement pull it off? Will the sun of Nairobi prove to be stronger than the snow of Davos? 2007 could turn out to be a pivotal year. *☞☞☞*